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CURRENT SERIAL RECORDS

CURRENT CATTLE CYCLE HAS PASSED THE PEAK

Round and round she goes, and where she comes out, nobody knows. You can't say that about cattle cycles, even though they do seem to go in circles.

Since 1880, the number of cattle on farms has moved up and down through six complete cycles, each lasting from 10 to 16 years. Last January 1 we passed the peak in the seventh cycle after 7 consecutive years of buildup.

Cattle on farms numbered 106.6 million on January 1, down 627,000 from the record total a year earlier. The number of beef animals rose by almost a million, but there were 1.5 million fewer dairy animals. Cows accounted for almost 1 million head of the decline in dairy stock.

The rise in beef animals was due to increases of 600,000 head each in steers and calves (to 12.7 million and 25.9 million). Beef cow numbers, at 32.6 million, were down slightly, and heifers, at 8.3 million, were off 200,000.

The current cattle inventory situation is similar to one that occurred at the peak of the preceding cattle cycle (1949-58). On January 1, 1955, the inventory reached a peak of 96.6 million. During 1955, slaughter rates

rose. This trimmed the inventory on January 1, 1956, by almost 700,000 head. And, like the current situation, the decline was in breeding stock, more than offsetting a gain in steers and calves.

During 1956, slaughter kept rising. Smaller calf crops in 1956 and 1957, coupled with better range conditions in 1957 and 1958, led to reduced slaughter the latter two years. By 1958, cattlemen again became optimistic about the future. They began rebuilding their herds, thus beginning the current cycle.

Although both the previous and present cycle were marked by reductions in dairy animals during the first year after peak inventory, the decline this time was greater in proportion to total cattle numbers than in 1955. And the decline in beef cows and heifers during 1965 was less than it had been a decade earlier.

Another major difference about the current cycle is prices. In the previous cycle, cattle prices during 1955 and early 1956 declined from 1954 levels. In contrast, prices during 1965 and early 1966 averaged well above 1964.

Last year's price gain, despite a 5-percent rise in slaughter, was due

largely to strong consumer demand and sharply reduced supplies of other red meats, particularly pork. Lighter marketing weights also helped keep prices up. Consumer demand for meat is expected to keep growing during 1966.

Weather during the present cycle has been much different from conditions during 1949-58, too. Drought sped the liquidation in numbers during 1955-57. Ranges during the summers of 1956 and 1957 were the poorest on record. In 1965, range and pasture conditions were favorable, except in the Northeast, and they have continued good this year.

The beef cattle industry itself is much different nowadays than in 1955-57. More cattle move through feedlots. Production of feeders has become a separate part of the business. Dairy animals claim a smaller share of the total inventory. And beef production has spread throughout the Nation, minimizing the risks of weather.

But regardless of the differences between cycles, the current one will probably follow tradition. Cattle numbers likely will decline further in 1966. During January and February, federally inspected slaughter averaged around 5 percent above a year earlier. If this rate were to continue through the year, the inventory next January 1 would be down about 3 million head. For the inventory to hold steady or gain this year, slaughter would have to drop 5 percent or more below 1965 (assuming an average calf crop and imports of live cattle at 1965 levels).

Actually, slaughter isn't likely to stay at the high rates of early 1966. However, it probably will be large enough to reduce the inventory again next January 1.

The reduction in the various classes of cattle this year may follow a quite

different pattern than occurred in the last cycle. This year, prices are such that producers are likely to cull fewer beef cows and add heifers to their breeding herds. In 1956, they sent much stock, especially cows, to market. So, the buildup in breeding herds may offset part of the steer and heifer reduction.

Calf slaughter is expected to average below 1965, too. It slipped under a year earlier in fourth quarter 1965 and was down about 7 percent during the first 9 weeks of 1966. If this cutback for the year is substantial (which appears likely), it probably will largely offset the smaller calf crop in prospect, holding the calf inventory next January 1 close to this year's level.

The dairy situation is the most "iffy" part of the picture. Dairymen's decisions will determine the size of the overall decline in the inventory this year. In 1965, they apparently weren't very optimistic because they reduced the dairy inventory at about double the annual rate since 1958. If they continue to cull herds at last year's rate, the total inventory of cattle and calves could be reduced as much as 2 or 3 percent. At a more normal rate of reduction, the total decline would be considerably less.

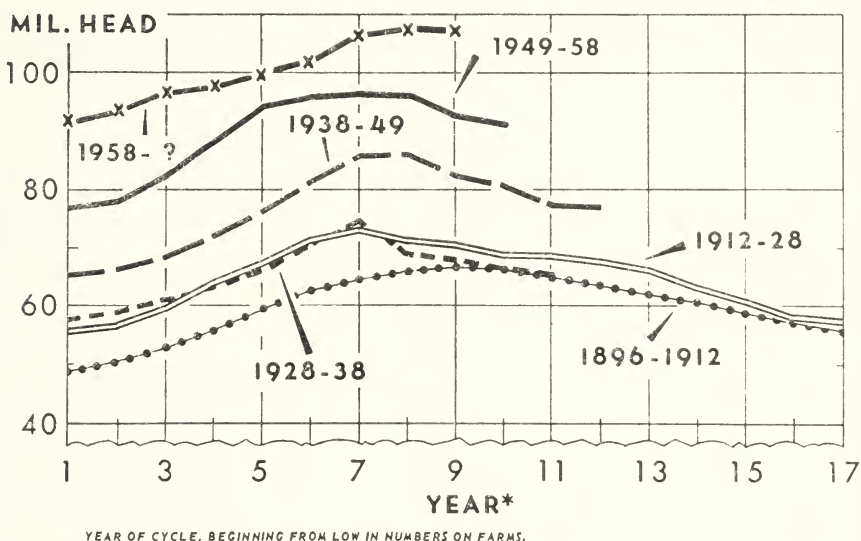
The beef supply pattern unfolding this year spells price strength for the entire beef market. Fed beef supplies will probably be up moderately from last year—the result of more cattle moving through feedlots and being fed to heavier weights. But cow slaughter likely will average below year-earlier levels. And the reduction in range steer and heifer slaughter, due to strong demand for feeders and herd replacements, will further cut supplies of lower grade beef.

/ Robert L. Rizek
Economic Research Service

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CATTLE ON FARMS, BY CYCLES



U. S. DEPARTMENT OF AGRICULTURE

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SHARP PENCIL NEEDED To Stay in Cattle Business

After prolonged exposure to TV westerns, most city folk probably wouldn't picture cattlemen doing paperwork. But today's ranchers and feeders do a lot of pencil pushing if they plan on staying in business. Before putting another bunch of cattle on feed, they generally use the price for feeders and their cost of converting feed into meat to figure what their "breakeven" fed cattle price will be at least 3 months ahead.

The cattle feeder has three ways to make a profit—keep the cost of converting feed into beef below the market price of the finished cattle, buy feeders at lower prices than fed cattle will sell for, or get both these factors going for him at the same time.

Feedlot operators are usually pretty exact in figuring the cost of converting feed into meat; they can closely estimate the total cost of finishing animals to certain grades. For example, suppose a cattle feeder buys some 700-pound steers for \$27 per 100 pounds, or \$189 per head. He knows his average

cost of gain is 24 cents a pound. So, adding another 500 pounds to each steer will cost \$120, making the total cost \$309. This means the cattleman must sell the finished steers for about \$26 per 100 pounds to break even.

In the example, the feeder was operating on what's known as a negative feeding margin, or difference between the fed cattle and feeder cattle prices, because he paid more per 100 pounds for the feeder steers than he got for the finished animals. When fed cattle sell for more than feeders, the margin is positive. He can make money either way if he gets enough money from the finished cattle to more than cover the cost of feeding them.

Rising fed cattle prices usually bid up feeder cattle prices. Likewise, a decline in fed cattle prices tends to drive down feeder cattle prices. These changes occur because the prices cattle feeders are willing to pay hinge largely on expectations for fed cattle prices.

Donald Seaborg
Economic Research Service

LIVESTOCK SLAUGHTER TRENDS HAVE TRANSFORMED INDUSTRY

More livestock slaughter by plants located in the heavy livestock production areas. More plants specializing, either in slaughter or meat processing. A declining share of total slaughter by the large meatpackers. These trends aren't new. But they have accelerated since the 1950's.

The trend to locating slaughter plants in production areas began before the 1950's. In the 1920's, trucks and improved highways began to let shippers become less dependent on railroads for getting livestock to terminal markets. So, firms began building plants near the farms, feedlots, and ranches. When they can get a large enough volume of livestock nearby, these plants have lower costs for obtaining slaughter animals, simply because the shipping distance is less.

Slaughter plants have become more specialized, too. In 1950, there were 175 federally inspected plants slaughtering all four species of livestock. In 1962, the number was down to 84. In contrast, the number of plants slaughtering only one species rose from 73 in 1950 to 193 in 1962.

Although only 49 federally inspected plants reported no meat processing in 1961, many of the others did very little processing. Half processed an average of only 14 percent of their slaughter volume. And the extent of the processing frequently was only some boning, carcass breaking, and other preparing of fresh meat.

In addition, specialization appears to be even more common in processing (curing, smoking, sausage making, and so forth) than in slaughtering. Sixty-five percent of the federally inspected plants that processed meat during 1961 did no slaughtering.

In 1950, the four largest meatpacking firms accounted for 51 percent of total slaughter under Federal inspection. By 1962, their share had dropped to 35 percent. The decline occurred because their volume didn't grow as rapidly as total slaughter volume. Newer, fast-growing firms have been taking larger shares of rising livestock production.

Between 1950 and 1962, the number of firms slaughtering under Federal inspection rose from 336 to 441.

Newer, smaller plants have an advantage over the older types because they require less capital to build and they generally have lower operating costs. New carcass handling techniques, mechanical knives, and more efficient refrigeration have trimmed costs, too.

By settling in livestock production areas, the newer firms haven't had to jockey with the large firms for terminal locations and shares of terminal market receipts. Federal inspection and grading have favored the small firms, too, by allowing them to enter the national dressed meat market on nearly the same basis as their large competitors.

W. E. Anthony
Economic Research Service

For Vegetable Seeds: More Acreage

Commercial growers of vegetable seeds plan to increase production 1 percent over 1965. By groups, prospective production is up 29 percent for seed beans and 15 percent for all sweet and nonsweet seed corn. It is down 12 percent for seed peas. Production of all other vegetable seeds is expected to be 17 percent above last year. These prospects are based on the annual February 15 survey of commercial growers.

A total of 163,337 acres of vegetable seeds (70,688 acres of smooth and wrinkled peas, 52,162 acres of beans, 8,056 acres of corn, and 32,431 acres of all other kinds and types) were reported.

Gains of 50 percent or more from last year are indicated for cabbage, kale, kohlrabi, pepper, and turnip seed. Seeds with increases of 10-49 percent are: Bush green beans, bush lima beans, garden beet, carrot, hybrid sweet corn, cucumber, leek, muskmelon, watermelon, onion, summer and winter squash, tomato, and rutabaga.

Statistical Reporting Service

Air Shipment of Perishables Growing

Cut flowers, strawberries, shrubs, poultry meat, and eggs. If you were shipping products like these from coast to coast, how would you do it? Well, rail freight would probably be the cheapest, air freight the most costly, and railway express in between.

But don't drop air freight just because of rates. There are some distinct advantages in shipping perishable products by air—shorter transit time lessens spoilage, packaging is less expensive, and shipments are less apt to be damaged.

Increasingly, shippers of perishable farm products are realizing the advantages of air freight. As a result, although small in relation to all air freight, the volume of farm products shipped by air is growing by leaps and bounds. A recent survey of some major airlines showed that the volume of fresh fruits and vegetables they shipped during July 1964–June 1965 was between 4 and 5 times that during 1961. These airlines also report they expect a similar increase from 1965 to 1970.

Cut flowers made up two-fifths of the total volume of farm products handled by the airlines surveyed. Fresh fruits and vegetables also accounted for a major share. Some of the commodities hauled included strawberries, fresh figs, cherries, peaches, cantaloupes, apricots, nectarines, plums, grapes, raspberries, asparagus, lettuce, parsley, okra, and tomatoes. Other horticultural items that frequently traveled by air were shrubs, plants, ornamental greens, and

the like. Poultry, eggs, frozen foods, meats, and seafood moved in fairly large volumes, too.

The gain in volume shipped is apparently due to rate reductions since 1961. Air freight rates in 1961 averaged between 18 and 20 cents per ton-mile. A 1965 survey showed the average to be about 12 cents per ton-mile, ranging from 7 cents for fruits and berries to 20 cents for cut flowers. Lower rates are due partly to more efficient operations plus the use of more cargo-carrying jets.

Air freight rates for fresh fruits and vegetables in 1965 were 33 to 76 percent higher than railway express rates and 3½ to 4 times rail freight rates.

The airlines have a number of reasons for their projection of further growth in air shipment of farm products. They include: Even lower rates thanks to reduced operating costs; better use of equipment; better packaging; more automation; additional services; greater effort to improve marketing conditions; improved sales promotion plans; and increased demand for high-quality perishable products.

Among changes the airlines plan are use of short-haul jets, building more and larger freight terminals, further mechanization of ground-handling, and improved containers.

Also, they are planning to use more palletized loads and mechanized handling, better refrigeration, and lighter containers.

Mildred R. DeWolfe
Economic Research Service

FREIGHT RATES

Per 100 Pounds From San Francisco, 1965

Commodity	Destination	Rail freight		Railway express		Air freight	
		Rate	Minimum weight	Rate	Minimum weight	Rate	Minimum weight
Peaches.....	Chicago.....	\$2. 07	40, 000	\$4. 09	36, 000	\$7. 20	2, 000
	New York.....	2. 07	40, 000	4. 94	36, 000	8. 65	2, 000
Strawberries.....	Chicago.....	2. 07	40, 000	5. 28	22, 000	7. 50	3, 000
	New York.....	2. 07	40, 000	6. 33	22, 000	8. 45	10, 000
Asparagus.....	New York.....	2. 02	50, 000	4. 94	36, 000	7. 30	2, 000

More Sheep and Lambs on Feed

There were 1,262,000 sheep and lambs on feed March 1 in seven major feeding States. This was 6 percent above a year earlier, but down seasonally by 33 percent from the number on feed January 1, 1966. A year earlier, the decline from January 1 to March 1 was 36 percent.

The number of sheep and lambs on feed March 1 was above a year earlier in five of the seven States. The largest gains were in Colorado, up 22 percent, and Texas, up 16 percent. Kansas had an increase of 5 percent; South Dakota, 4 percent; and California, 2 percent. Iowa numbers dropped 10 percent, while Nebraska showed a decline of 4 percent.

The number of sheep and lambs placed on feed during January and February in the seven States was 339,000 head, down 5 percent from a year earlier. Marketings of fed sheep and lambs during January and February totaled 973,000 head, 6 percent less than the number marketed during this period in 1965.

The number of early lambs in the 11 major early lamb producing States was about the same as the previous year. The number of breeding ewes in these States on January 1 was 2 percent less than a year earlier.

W. H. Kastens
Statistical Reporting Service

WOOL PRODUCTION SLIPPED But Mohair Output Reached New High

Shorn and pulled wool production during 1965 amounted to 237 million pounds, grease basis. This was 10 million pounds below 1964. The decline resulted mainly from reduced sheep numbers in 1965.

Shorn wool output totaled 214 million pounds, a 4 percent decline from 1964. Shorn wool output was equivalent to 102 million pounds, clean basis, compared with 106 million in 1964.

Pulled wool production, at 23.3 million pounds, was 7 percent less than in 1964. Production in 1965 was equivalent to 17.0 million pounds, clean basis. Production in 1964, clean basis, was 18.3 million pounds.

Commercial slaughter of sheep and lambs last year was 11 percent below 1964. The average weight of wool pulled per skin was 3.37 pounds compared with 3.41 pounds in 1964.

The number of sheep and lambs shorn in 1965 totaled 25.1 million, a 5 percent drop from a year earlier. Average fleece weight was 8.5 pounds last year and 8.4 pounds in 1964.

The 1965 average price received by producers for shorn wool was 47.1 cents per pound, down from 53.2 cents a year earlier. Prices received in the native

sheep States (which account for most of the fleece wool producing area) averaged 49.4 cents in 1965. The total value of shorn wool in 1965 came to \$101 million, 14 percent less than in 1964.

Mohair production in the seven leading States totaled 32.5 million pounds in 1965. This was 9 percent above the previous record high in 1964.

Texas, the leading mohair State, accounted for 97 percent of the seven-State total. Production in Texas was up 9 percent from 1964. Both the number of goats clipped and the average weight per clip increased from a year earlier.

Mohair produced in 1965 was worth \$21.3 million, a sharp decline from 1964. The average price received by growers during 1965 was 65.5 cents per pound compared with 94.3 cents in 1964. The 1965 average price was below the mohair incentive level for the first time since 1962.

The number of goats and kids clipped in the seven States was 4.8 million. In 1964, 4.6 million were clipped. Average clip per goat was 6.7 pounds in 1965, 6.5 pounds in 1964.

W. H. Kastens
Statistical Reporting Service

VEAL ADDS TO DAIRY INCOME

Ever think of a calf as a four-legged byproduct of the milk you sell? Well, in a way he is just that. Calves contribute only a minor share toward dairying income of more than \$5 billion. But sales of dairy veal calves and all other cattle less than a year old still brought farmers a whopping \$550 million in 1964.

Calf sales include those sold for dairy and beef breeding stock, and for feeders, and for slaughter. Calf slaughter accounts for about 60 percent of the total. However, most of the calves from dairy herds are "vealers" and are a large part of slaughter sales. Returns from the sale of dairy calves for veal were about 5 percent as large as the value of milk sales in 1964.

With the gain in production per cow, dairymen don't need many of their heifer calves for replacements, and they keep very few bull calves for herd sires. So, about 70 percent of the dairy calves are slaughtered, most of them for veal. Most of these calves are sold within 30 days after birth.

Due largely to the steady decline in milk cow numbers, dairy calf slaughter has been dropping. Veal production was 1.0 billion pounds in 1965 compared with 1.7 billion in 1945. This decline

and the gain in population have combined to reduce per capita veal consumption from 11.9 pounds (carcass weight) in 1945 to 5.2 pounds in 1965.

Another reason for the drop in veal production is the rise in milk returns. Most dairymen can make more money selling milk than feeding it to veal calves. It takes about 10 pounds of whole milk to add a pound to a calf's weight. When whole milk can be sold for \$4 per 100 pounds, it costs 40 cents to put an additional pound of weight on a calf. In recent years, high energy milk replacers have been used by specialty feeders for premium veal. These replacers contain about three-fourths nonfat dry milk solids and 15 to 25 percent animal and vegetable fat.

As might be expected, veal calf production is most important in major dairying regions. The Northeast and North Central States account for about 60 percent of the milk cows on farms and for the largest share of veal calves. The average age and weight of veal calves when sold are less in fluid milk production areas than in manufacturing milk areas, reflecting the higher prices for fluid milk.

Robert H. Miller
Economic Research Service

Texans Can Brag on Cattle and Sheep

Now that the new livestock inventory numbers are a matter of record, let's take a look at the leading States for each class.

Texas is the major cattle State with 10.5 million head of all types on hand January 1, 1966. Iowa is next with 7.2 million head, followed by Nebraska, Kansas, and California. Among the top 10, Oklahoma rose from tenth place to seventh, moving ahead of Missouri, Wisconsin, and South Dakota. The leading 10 States account for over 52 percent of all cattle and calves on farms.

Texas also ranks first in beef cattle numbers, but drops to tenth position in

milk cows. Iowa and Nebraska are second and third in beef cattle.

Wisconsin is by far the leading dairy State with 2.3 million cows, almost 14 percent of the U.S. total. Minnesota is second, and New York third.

Texas is again the top-ranked State in number of sheep and lambs. It has close to 5.2 million head, more than twice the number in the second-ranked State, Wyoming. California, Colorado, and South Dakota are in the next three places.

The leading State in number of pigs saved is Iowa with 18.9 million head. Illinois follows with 11.0 million. Then come Indiana, Missouri, and Minnesota.



Based on Information Available April 4, 1966

FEED GRAINS

If farmers carry out their March 1 plans for the 1966 crops and yields are about normal (allowing for the upward trend of recent years), feed grain production this year would total about 165 million tons. This would be about 3 percent above the record in 1965. Allowing for a carryover this fall near that of a year earlier, the feed grain supply for 1966-67 also would be slightly above the 1965-66 supply of 217 million tons. Total feed grain requirements in 1966-67 probably will rise from the record consumption estimated for the current year. Grain-consuming animal units are expected to gain further in 1966-67, especially for hogs, and livestock-feed price ratios are likely to continue generally favorable. Exports probably will also continue the upward trend of recent years. Based on these early indications, total feed grain requirements for 1966-67 would be expected to at least keep pace with the increase in production indicated above.

SOYBEANS

Soybean disappearance continues at a record rate. During September-February 1965-66, crushings were up 8 percent and exports rose 36 percent to a combined total of 412 million bushels, about 57 million more than a year earlier. So far this year, the biggest gain over a year earlier has been in exports, but the rate of crushings will likely show the largest increase in the second half. Total disappearance (including seed, feed, and waste) for the entire 1965-66 marketing year is now expected to be around 825 million bushels, more than a tenth above 1964-65. Such disposition would leave carryover stocks of soybeans on September 1, 1966, close to 50 million bushels compared with the very small 30 million bushel inventory of last September 1.

On March 31, the Secretary of Agriculture announced the price support for 1966-crop soybeans at \$2.50 per bushel. Price support in 1965 was \$2.25 per bushel.

TOBACCO

Growers' intentions indicate that this year's acreage of flue-cured tobacco will be 8 percent above 1965 when it was the smallest in 47 years; flue-cured will be grown under the acreage-poundage program for the second year. The 1966 acreage of burley is indicated 13 percent below 1965 and the smallest in 39 years; burley will continue under the acreage allotment program. Intended acreage of Maryland tobacco is indicated 1½ percent above last year. Intended acreages of fire-cured, dark air-cured, cigar filler, and Georgia-Florida cigar wrapper are down moderately from last year's harvested acreages. However, only a small decline or no change is indicated for acreages of cigar binder and Connecticut Valley cigar wrapper tobaccos.

HERE THEY ARE . . .

PROSPECTIVE PLANTINGS FOR 1966

Planting intentions for the 17 crops included in the March 1 survey total 257 million acres for 1966—about the same as planted last year. If growers carry out their plans for these crops, and an allowance is made for other crops not surveyed, the indicated acreage to be planted in 1966 is 305 million—2 million less than last year and the second smallest acreage since records began in 1929. The record low is 301 million acres planted in 1962.

Among the crops with increased acreage, soybeans lead with an expansion of 1.7 million acres in prospect—5 percent above 1965. Corn is second with an increase of 1.6 million acres—2 percent above 1965. Other spring-planted crops expected to have larger acreages are Durum wheat, barley, rice, potatoes, tobacco, dry beans, dry peas, and sugarbeets.

A drop of 3.3 million acres is expected for cotton—23 percent below last year. Smaller acreage totals also are expected for spring wheat other than Durum, oats, flaxseed, sorghums, hay, peanuts, and sweet potatoes. Declines of 6 percent in winter wheat plantings and 7

percent in rye acreage were estimated in December.

Growers' intentions for 1966 crop acreages were reported during the sign-up period for the 1966 Feed Grain, Spring Wheat, and Cotton Programs. A mid-February change in the provision to permit soybeans on feed grain base acreage may affect farmers' plans. Actual plans also may be altered by later decisions about Government programs, planting weather, labor prospects, economic factors during the spring planting season, and the planting intentions report itself.

Based on intended plantings and using average yields with allowance for trend, here are some possible outputs: Corn for grain—4.4 million bushels, 5 percent above the record 1965 total. Spring wheat—281 million bushels, plus the December 1 winter wheat estimate—total wheat crop of 1,340 million bushels, 1 percent above 1965. Soybeans harvested for beans—a record 882 million bushels compared with 844 million last season. All types of tobacco—1,947 million pounds; production in 1965 was about 1,913 million.

R. K. Smith
Statistical Reporting Service

NEW COTTON LAW AIMS TO MATCH SUPPLY WITH DEMAND

This article is a summary of an address before the annual conventions of the Arkansas-Missouri Cotton Ginners Association and the Tennessee Ginners Association at Memphis, March 8, 1966.

Rising yields and production, stable domestic mill consumption, declining exports—these have been the trends in the cotton industry since the early 1950's. They have developed into a serious situation for all concerned. And as a result, new cotton legislation, Title IV of the Food and Agriculture Act of 1965, was signed into law.

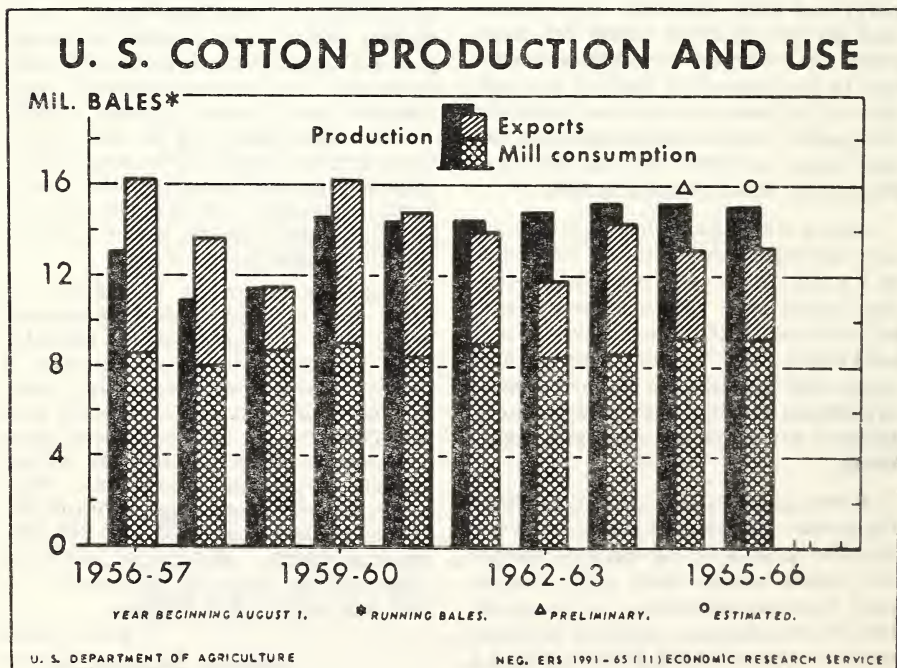
The conditions which made the new law necessary are best expressed in terms of the cotton carryover. By July 31, 1966, the carryover of upland cotton will reach 16.5 million bales. In just 5 years, this carryover has increased more than 9 million bales, or almost 2 million per year.

Another measure of the prospective 1966-67 carryover is that it will be more than a fourth larger than disappearance during the entire 1965-66 mar-

keting year. Furthermore, CCC stocks are expected to be nearly 14 million bales by July 31, or about 1.2 million larger than disappearance this season.

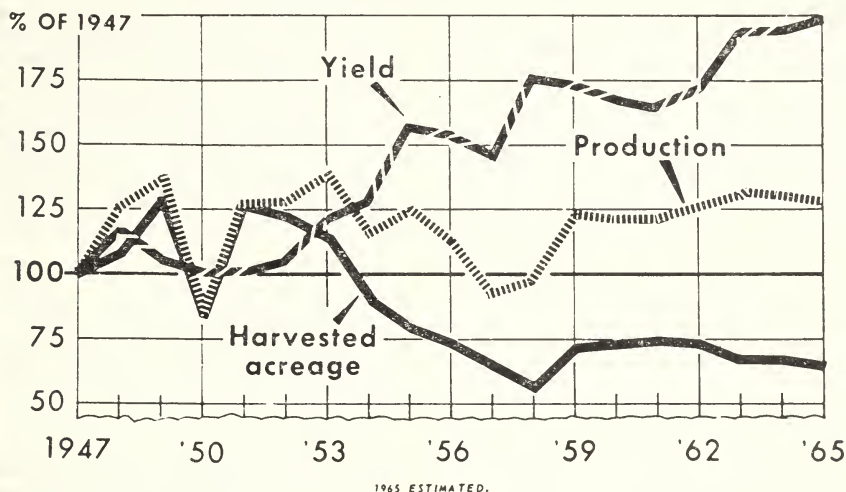
There are two sides to the accumulation of large surpluses—production and disappearance. If cotton stocks are to decline, disappearance must be increased and production should be restricted. Production controls cannot be temporary unless disappearance over the years rises at a steady and respectable rate.

In the current situation, disappearance must grow because production has grown and will continue to gain even with constant or slightly declining acreage. Yields have been rising steadily—they almost doubled from 1951 to 1965—and they will rise even more in the future. As a result, production during the last 14 years was down less than 1 percent, or fewer than 100,000 bales. Harvested acreage in 1965 was only 51 percent of that in 1961.



COTTON

Acreage, Yield, Production



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Meanwhile, disappearance, which was smaller than production in 1951, was even smaller in 1965 and more than 2 million bales below production. In fact, disappearance has been smaller than production each year since 1960.

Disappearance includes domestic mill use and exports. Cotton consumption by domestic mills was between 8 and 9 million bales each year from 1956 through 1963, except for 1957 when it dropped to 7.9 million. At the same time, population and consumer income were rising. So, cotton consumption per person declined at a time when it logically should have grown. Man-made fibers and imported cotton goods absorbed most of the increase in demand for textiles.

The manmade fibers made inroads in the textile market during the late 1950's and early 1960's because cotton for export was priced 20 to 30 percent below the price to domestic mills (at which farmers' prices were supported). As a result, mills substituted rayon and acetate, and noncellulosic manmade fibers for cotton largely because they were cheaper. Although the manmade fibers cost more than cotton per pound, less than a pound of them is needed to do the same job.

While domestic use of cotton per person declined, exports declined. From 1956 to 1964, they dropped an average of 4.7 percent a year. This occurred despite an export price maintained at about 24 to 26 cents per pound. It occurred because cotton production abroad has been growing faster than foreign free world consumption.

Over the past 10 years, cotton production in the foreign free world has been rising at an average rate of 4.3 percent a year. In contrast, foreign free world consumption has gained at only 2.9 percent annually. If these trends continue, production in other free world countries will equal consumption around 1971. And foreign use of manmade fibers is growing rapidly, too.

The Food and Agriculture Act of 1964 has helped cotton to compete with rayon domestically. Cotton consumption has increased sharply during the past year while the rate of gain in rayon and acetate consumption has slowed considerably. But the Act of 1964 didn't affect export prices and our exports have continued to shrink. During 1965-66, they are expected to be only 3.2 million bales. So, despite mill consumption of upland cotton esti-

mated at 9.3 million bales, the export decline will hold total disappearance to about 12.5 million bales in 1965-66. This is about 2 million bales below production last year.

The Food and Agriculture Act of 1965 is intended to reverse the trends in the cotton industry. While it isn't intended to reduce the carryover of 16.5 million bales to 5, 6, or 7 million in 1 year, it is expected to cut stocks back substantially by the time it expires July 31, 1970.

Here are the principal provisions of the act:

(1) A minimum allotment of 16 million acres, as in the past, is maintained.

(2) A domestic acreage allotment which can be no smaller than 65 percent of the farm allotment is established for each farm.

(3) A price support loan for cooperators is established for 1966 at 21 cents per pound for Middling 1-inch cotton at average location and at 90 percent of the estimated market price in subsequent seasons.

(4) A cooperator is defined as a farm operator who plants no more than 87.5 percent of his acreage allotment in 1966. This percentage can be increased by the Secretary of Agriculture in subsequent years.

(5) Cooperators are eligible for the price-support loan on all cotton they produce.

(6) A cooperator will receive a minimum payment of 9.42 cents a pound in 1966 (and 9 cents in subsequent years) on cotton produced on his domestic acreage allotment and the price-support loan plus the support payment must be equivalent to at least 65 percent of parity multiplied by projected yield and permitted acreage for each farm.

(7) A cooperator also will receive a diversion payment on all acreage taken from production, 10.5 cents per pound multiplied by projected yield and diverted acres in 1966.

(8) A cooperator may divert only the difference between the farm allotment and permitted acreage (87.5 percent of his 1966 allotment) or he may divert a

maximum of 35 percent of his allotment.

(9) A farmer may forgo all benefits of the program, loans and payments, for all his production and plant in excess of the farm acreage allotment. All cotton produced on such farms must be exported. Over-planting in the United States cannot exceed 250,000 acres in 1966 and the sign-up for such acreage is about 100,000 acres. In succeeding seasons, the excess can be 0 to 250,000 acres, depending on the size of carry-over reduction in the preceding marketing year.

(10) Additional payments are provided for small farms—those with an acreage allotment of 10 acres or less, or those on which the projected yield multiplied by the allotment is 3,600 pounds or less.

(11) Under the cropland adjustment program, farmers may retire land from production under 5- to 10-year contracts, but they must place at least all of one surplus crop in the program during 1966. However, the county ASCS committee may request that cotton acreage for 1966 be excluded from coverage under this program.

(12) Payments will be made to co-operators through payment-in-kind certificates and CCC may assist in marketing them. CCC must pay the co-operator for the certificate in cash (if assisting him in marketing his cotton) at not less than the loan rate.

(13) CCC is directed to make the difference between production and disappearance (if the latter is the smaller) available for unrestricted use at world market prices.

(14) The act provides for the lease or sale of cotton allotments from one farm to another, if farmers so desire. The sale or lease of such allotments cannot be made between counties unless the county in which the allotment is located votes to permit such transfers. In any event, the allotment cannot be transferred out of the State.

(15) The legislation applies to crops planted in 1966 through 1969.

Frank Lowenstein
Staff Economists Group

When Winter Starts To Break ... THEY MAKE THAT SWEET STUFF

Late winter is traditionally a time for most farmers to putter around the barn and machinery shed, "resting up" for the spring planting just ahead. But to about 7,000 producers in Maine, Massachusetts, New Hampshire, Vermont, New York, Maryland, Michigan, Minnesota, Ohio, Pennsylvania, and Wisconsin it's an especially busy time. During February, March, and possibly early April, they're "sugaring off."

Although maple sirup is much the same now as it was when the Indians taught the early settlers how to make it, the equipment has changed considerably. Not so long ago, sugaring off involved lots of hard labor—tapping the trees, putting out the buckets, driving a horsedrawn sledge with a tank on it around the grove at least once a day, and emptying the buckets. And that was only the beginning—boiling the sap required cutting plenty of hard wood, and watching the kettle for long hours.

Nowadays, producers can run plastic tubing from tree to tree and let gravity collect the sap. And the modern-day evaporator is much easier to tend than a kettle over a wood fire. In some areas, producers now turn the job of concentrating the sap over to the operator of a central evaporator who can process it at considerably lower cost per unit. At present, there are about 50 such processors in business.

Despite the innovations in processing, U.S. production of maple sweeteners has been declining for some time. During 1916–19, there were 52 million pounds (sirup basis) produced annually. During 1961–65, yearly output averaged about 15 million pounds. However, the rate of decline has slowed greatly in recent years. (New York and Vermont each produce about a third of U.S. output; the rest comes from the nine other States.)

Consumption of maple sweeteners has been relatively stable since 1948. As a result, per capita use has declined as the population has risen. Per capita consumption in 1965 was about 0.15 pound (sirup basis) compared with 0.21 pound in 1948 and an average of 0.54 pound in 1916–19.

Sales of pure maple sirup are most important near maple sirup production areas; pure sirup accounts for only a small portion of national sales. Much is blended with other sirups. Imitation maple-flavored sirups have cut into the market, too. Blended sugar sirup and maple sirup account for about half the volume of all maple-flavored sirup sales, with other maple-flavored sirups taking the balance.

Maple sweetener producers face a paradoxical situation: While retail prices for the pure sirup have been high enough to encourage consumers to buy the cheaper maple-flavored kinds, the farm price hasn't been high enough to keep up with rising production costs. However, U.S. prices have been high enough to encourage increased imports of maple-sweetener products, virtually all from Canada.

Frederick D. Gray
Economic Research Service

Stocks of Hops Much Higher

Stocks of hops totaled nearly 48.8 million pounds (including equivalent pounds of dry hops in extract) on March 1. Held by brewers, dealers, and growers, these stocks were up 13 percent from a year ago. Brewers held 76 percent of this year's total, dealers 21 percent, and growers 3 percent.

Brewers' stocks, totaling nearly 37 million pounds (including the equivalent for extract), were 12 percent greater than a year earlier and 17 percent above March 1, 1964. Dealers' stocks also were up 12 percent from a year ago and double the figure 2 years ago. Growers' stocks were 33 percent higher than last year but 8 percent below March 1, 1964.

Ninety-seven percent of dealers' stocks, totaling 10.2 million pounds on March 1, came from the 1965 crop, 1 percent from 1964, and the rest from 1963 and earlier. Growers' stocks totaled 1.6 million: Two-thirds from 1965, 2 percent from 1964, and 31 percent from 1963 and earlier.

Statistical Reporting Service

NEW MARK FOR BROILERS IN 1965

Commercial broiler production during 1965, in the 23 States covered by the weekly chick placement reports, totaled 2,249 million birds, up 8 percent from 1964 and the largest of record for these States. The 23 States produced 96 percent of the Nation's broilers in 1965.

Five of the States produced fewer broilers than in 1964. But increases in other States, particularly Alabama, Arkansas, Georgia, North Carolina, and Maryland, resulted in a net gain of 174 million birds.

These birds brought an average price of 14.9 cents per pound of liveweight last year, 0.7 cent above 1964. The gross income from broiler production in the 23 States was \$1,163 million compared with \$1,018 million during 1964. Georgia, the leading producer, had a gross income of nearly \$199 million

from broilers—an all-time high for any State. Liveweight per bird produced averaged 3.5 pounds, the same as a year earlier. The number of pounds produced in the 23 States totaled 7,784 million, up 8 percent from 1964.

There were 2,369 million broiler chicks placed in the 23 States in 1965, an increase of 10 percent from 1964.

Georgia had the greatest number of chicks placed last year with 426 million, followed by Arkansas with 335 million, Alabama with 304 million, North Carolina with 247 million, Mississippi with 174 million, Maryland with 155 million, Texas with 150 million, Delaware with 116 million, Maine with 71 million, and California with 64 million. Placements in these 10 States accounted for 86 percent of all the broiler chicks placed in the 23 States last year.

C. D. Caparoon
Statistical Reporting Service

FEBRUARY CHICK HATCH GAINS

Broiler Chicks Up 9 Percent

Hatchery chick production was 247.7 million during February 1966 compared with 226.2 million in February 1965. The hatch of broiler chicks totaled 206.0 million, up 9 percent from February 1965 and the largest of record for the month.

Broiler eggs in incubators March 1 were up 11 percent from a year earlier. The number of broiler chicks hatched during all of 1965 totaled 2,514 million, exceeding the 1964 record by 9 percent.

Egg-type chicks hatched in February were 41.7 million, 13 percent above February 1965. All regions reported gains, as follows: West North Central, 24 percent; South Atlantic, 17 percent; North Atlantic, 14 percent; South Central, 13 percent; West, 12 percent; and East North Central, 5 percent.

The number of eggs for layers in incubators March 1 was 14 percent higher than on the same date a year ago. During January and February, 78.6 million egg-type chicks were hatched, a gain of 15 percent from the

first 2 months of 1965. The number hatched in all of 1965 totaled 489.0 million, down 7 percent from 1964.

Poults of all breeds produced during February 1966 totaled 11.2 million compared with 8.6 million a year earlier. Heavy breed poults hatched in February came to 10.3 million, up 33 percent. The hatch of heavy white breeds, 6.3 million, was up 58 percent. Other heavy breeds, 4.0 million, were up 6 percent. The hatch of light breed poults totaled 818 thousand, a gain of 5 percent.

There were 17.0 million poults hatched during the first 2 months of 1966, 36 percent more than in January-February 1965. The number of heavy breed eggs in incubators on March 1 was up 5 percent from March 1, 1965, while light breed eggs in incubators were down 4 percent. The total hatch during 1965 was 116.9 million, 8 percent above 1964.

A. K. Homann
Statistical Reporting Service

HOG NUMBERS
ARE GAINING

April 1966

The number of hogs and pigs on farms in the 10 Corn Belt States totaled 38.0 million on March 1. This is a 1 percent increase over a year earlier.

Numbers were above a year earlier for 7 of the 10 States. Iowa, the leading hog producing State, and South Dakota showed no change from last year. Illinois was the only State where numbers declined—by 2 percent. Missouri, Wisconsin, and Minnesota each gained 3 percent. Numbers rose 2 percent in Kansas and Ohio and 1 percent in Indiana and Nebraska.

Hog and pig inventories have declined less than seasonally since December. They are down 8 percent from the 41.3 million on December 1.

The March 1 number of hogs and pigs kept for breeding in the 10 States totaled 7.6 million head, up 10 percent from last year. The remaining hogs and pigs, intended principally for marketing, were down 1 percent from March 1, 1965. The number weighing less than 60 pounds was up 6 percent while those weighing 60–119 pounds declined 5 percent. Hogs in the 120–179 pound group declined 4 percent and those weighing 180–219 pounds, and 220 pounds or more, each dropped 9 percent.

The December–February pig crop for the 10 States totaled 12.3 million head, 7 percent above a year earlier. The gain was due to increases of 5 percent in sow farrowings and 2 percent in pigs per litter. More sows farrowed in 9 of the 10 States, compared with a year earlier.

Sows bred and intended for farrowing during March–May total 3.4 million, 9 percent more than in 1965. All States show increases when compared with a year earlier. March farrowings are expected to increase 6 percent, April, 11 percent, and May, 10 percent.

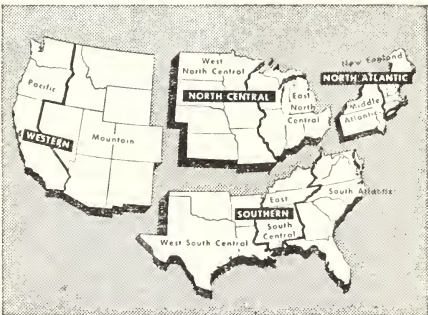
Producers' plans call for 2.2 million sows to farrow during June–August 1966, 8 percent above a year earlier. Intentions are up in all States.

R. M. Pallesen
Statistical Reporting Service

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